

Financial Standard

Subject Payment Cards		Number 6510
Prior Revision Date June 3, 2013	Current Revision Date October 6, 2014	 Alan L. Bott, Church Controller

1. PURPOSE

- 1.1. This standard provides guidelines and direction for using credit and debit cards for Church business related transactions.

2. DEFINITIONS & ABBREVIATIONS

- 2.1. The **[Financial Standards Glossary](#)** can be accessed via this link.

- 2.2. Abbreviations:

GCS = Global Card Services

GPC = Global Payment Committee

LC = Local controller (area or department)

3. STANDARDS

Person/Group Responsible

- 3.1. Only credit card programs approved by the Global Payment Committee (GPC) are authorized for use by Church organizations.

GPC

- 3.2. The local controller oversees and monitors card processes to ensure compliance with internal controls. The local controller is assisted in this effort by group administrators and controller designees. Violations are resolved timely and ultimately reported to Global Card Services (GCS) and the Church controller.

LC, controller designee, group administrator

- 3.3. *Commercial and local unit cards only:* Management and the local controller establish each card's cash withdrawal limit per month, spending limit per transaction (up to \$5,000), and spending limit per month (up to \$20,000). The controller may set lower limits based on specific needs to increase card usage control and decrease fraud exposure. The controller approves one-time exceptions to increase either the transaction or monthly spending limit, which must then be communicated to GCS for processing. The GPC approves permanent exceptions to increase the spending limit.

Management, local controller, GCS, GPC

- 3.4. GCS evaluates card programs for compliance with administrative policies and procedures.

GCS

- 3.5. The cardholder uses the card for appropriate purchases in lieu of other common disbursement methods (see Financial Standard 6440 "Disbursements"). The

Cardholder

- cardholder adheres to transaction and dollar limits. Adequate budget must be available to cover the transaction. See 3.15 for more information on using local unit cards.
- 3.6. The following uses of the card are prohibited unless specifically approved by the local controller or the GPC. Violations may result in corrective action, which may include termination.
- Allowing an unauthorized person to use the card
 - Purchasing items for personal use
 - Splitting a single purchase into multiple transactions to circumvent the transaction limit
- 3.7. Certain types of merchants are excluded from card programs and transactions are blocked at the point-of-sale based on merchant category codes. An organization's needs may warrant an exception to a merchant restriction. Exceptions are recommended by the local controller, reviewed by GCS, and approved by GPC.
- 3.8. The cardholder must safeguard the card, account number, and personal identification number (PIN). The card is closely monitored to prevent and detect loss, theft, or misuse.
- 3.9. Receipts and other point-of-sale transaction documents are retained and available to review and reconcile the accounts, resolve disputed charges, and for audit or tax purposes.
- 3.9.1. *Commercial and local unit cardholders only:* If a point-of-sale document is not provided or is lost, the cardholder attests for the purchase with a signed memo or adds the item to a commercial card transaction log. The memo or log must show the merchant name and address, specific description of the goods/services purchased, purpose, date, location, applicable sales tax, and purchase amount. All point-of-sale documentation is retained for three years (or longer if required by local regulation).
- 3.10. At least monthly, the cardholder reconciles point-of-sale documentation with bank records to verify that all transactions are accurate. The local controller may determine that more frequent reviews are necessary due to factors such as high volume of transactions.
- 3.11. The cardholder is responsible for promptly initiating action to correct errors and questionable transactions. The cardholder first contacts the merchant directly. If the dispute cannot be resolved with the merchant, the cardholder contacts the bank (commercial card), the group administrator (local unit card), or the mission office/support card manager (missionary support card).

*Cardholder,
local
controller,
GPC*

*GCS, GPC,
local
controller*

Cardholder

Cardholder

*Cardholder,
local
controller*

Cardholder

- 3.12. Fuel or petty cash cards are issued at the request of the local controller, who designates a card custodian. A usage log is maintained that indicates who possesses the card on a given date (and time if necessary). *Local controller, card custodian*
- 3.13. The purchasing function is responsible for certain vendor relationships. This responsibility includes encouraging vendors to accept cards and negotiating contracts with vendors where the cards may be used extensively. *Purchasing function*
- 3.14. Specific to Commercial Cards
- 3.14.1. The cardholder and cardholder's supervisor sign a commercial card application and a cardholder agreement form. Their signatures indicate understanding of the commercial card program's procedures and corrective actions that may result if the card is misused. The local controller also signs the card application, which confirms those aspects of the commercial card program that can be approved prior to a purchase, such as: (1) the cardholder's authority to approve purchases and the expenditure of funds against budget, (2) the availability of budget and consideration of budget implications, and (3) the appropriateness of the assigned account codes. *Cardholder, cardholder's supervisor, local controller*
- 3.14.1.1. Employees who change assignments are required to complete a GCS Department/Area Change Request form to continue using their current commercial card. *Cardholder*
- 3.14.2. If online system access is needed, the cardholder's supervisor completes and signs a system access form and forwards it to the local controller. The controller indicates on the form the level of approval authority granted. The supervisor may be given review-only authority or review and approval authority. *Cardholder's supervisor, local controller*
- 3.14.3. Cash withdrawals are permitted if the local controller approves by signing an addendum to the cardholder application. The card is set up to use the Cash Transaction Module (CTM) for reporting. The controller is responsible for monitoring outstanding cash balances and ensuring appropriate accounting for cash withdrawn. *Local controller*
- 3.14.4. When returning an item purchased with the card the cardholder requests that a credit be posted to the same credit card account as the original purchase. The cardholder should not accept cash, in-store credit, or gift cards for the return. *Cardholder*
- 3.14.5. The cardholder reconciles (electronically or manually) the monthly bank statement and attests that all activity represents valid charges for goods/services acquired solely for a Church need. Charges are distributed to the appropriate general ledger accounts, if other than the default account. The cardholder's supervisor certifies that he or she has reviewed and *Cardholder, cardholder's supervisor, local controller*

approved the cardholder's reconciliation. Whether submitted manually or electronically, the reconciliation must be completed by the 20th day of the month after the billing cycle. If the reconciliation is not done online, the local controller submits a Reconciliation Verification Form to GCS.

3.14.5.1. All CTM receipts are forwarded to the approver for comparison with the online transactions. If a receipt is lost, the cardholder indicates the loss online and includes a description of the item purchased.

Cardholder

3.14.6. A cardholder who leaves Church employment, immediately surrenders the commercial card and reports any outstanding transaction information to his or her supervisor. The supervisor destroys the card and notifies the group administrator, who notifies GCS.

*Cardholder,
cardholder's
supervisor,
group
administrator*

3.14.7. Before issuing commercial cards in an international area, the area legal counsel identifies the appropriate legal entity to which the cards will be issued and any applicable legal restrictions.

*Area legal
counsel*

3.15. Specific to Local Unit Cards

3.15.1. The local controller determines the need for a local unit card in their area and works with Treasury Services to obtain approval and implement any local unit card program.

*LC, GCS, local
unit finance*

3.15.1.1. Preferred methods for local unit disbursements are (1) electronic transfers, (2) checks, (3) cards, and (4) cash. Since cards are most frequently used as a mechanism for local unit leaders to obtain cash for their unit needs, electronic transfers and checks that require two people be involved prior to disbursement are preferred. If these two options are not workable, the controller may recommend cards for local units within their area.

3.15.2. The cardholder verifies that each transaction is allocated to the appropriate category in Member and Leader Services (MLS). The cardholder matches each transaction to supporting documentation evidencing that all activity represents valid charges for goods/services acquired solely for a Church need. The local controller submits quarterly a consolidated Reconciliation Verification Form to GCS.

*Cardholder,
local
controller*

3.15.3. At least monthly, or more often as the local controller requires, the cardholder zeros out any cash withdrawal not fully spent by depositing excess funds into the local unit depository account.

*Local
controller,
cardholder*

3.15.4. The local controller establishes and documents a reasonable limit of allowable cash-on-hand for individual local units. The controller regularly

*Local
controller*

monitors cash-on-hand by reviewing applicable Local Unit Receipting, Reporting, and Banking System (LURBS)/Church Unit Banking System (CUBS) or MLS reports showing outstanding local unit cash balances. Local units exceeding cash-on-hand limits or failing to re-deposit unused withdrawn funds are documented and reviewed with prompt and appropriate follow-up, including suspension of card cash withdrawal capability, if necessary.

- 3.15.5. When an ecclesiastical leader is released, he immediately destroys the local unit card or gives the card to his ecclesiastical leader (the local controller determines the course of action). The released leader ensures that outstanding expenses are entered promptly into MLS and any unused funds are deposited in the local unit depository account.

Ecclesiastical leader, local controller

3.16. Specific to Missionary Support Cards

- 3.16.1. Missionary support cards are used by missionaries to pay for living costs. Such cards or other missionary support funds are not to be used to pay mission office expenses or local entity expenses, even if this action appears to be legal under local law.
- 3.16.2. Missionary support cards *may* be used to pay some housing costs when approved to do so; such approval would come from the Missionary Department after consultation with the Office of General Counsel.
- 3.16.2.1. Leases of missionary apartments or other housing should ordinarily be in the name of and signed by the legal entity under which the mission operates. In some countries, it may be advisable for missionaries to rent an apartment in their own name in order to avoid potential tax liability. These situations will be coordinated between the Missionary Department and the Office of General Counsel.
- 3.16.3. Missionary support cards are distributed to missionaries during training in the missionary training center whenever possible; otherwise, cards will be distributed through mission offices.
- 3.16.4. Each card's funding amount is set by the mission president in consultation with the Missionary Department.
- 3.16.5. At the end of a missionary's assignment, support card balances are swept and the card is cancelled by Global Card Services.

Mission pres.,

*Mission pres.,
Missionary
Department,
OGC*

*Missionary
Department*

*Mission pres.,
Missionary
Department*

*GCS, card-
issuing bank*

4. REFERENCES

- 4.1. Financial Standard 6440 “Disbursements”
- 4.2. Related forms found in the Controllership Services Division SharePoint site at <https://frdteams.ldschurch.org/frm/default.aspx>:
 - GCS Department/Area Change Request form
 - Purchasing Card Application
 - Purchasing Card Program Cardholder Agreement form
 - Reconciliation Verification Form
 - System Access – Purchasing Card form

5. EXHIBITS

(none)